

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-26-E - ORDER NO. 2004-600
DECEMBER 8, 2004

IN RE: Application of Progress Energy Carolinas, Inc. for Approval of Economic Redevelopment Rider ERD.) ORDER APPROVING REVISIONS TO ECONOMIC REDEVELOPMENT RIDER ERD
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I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Progress Energy Carolinas, Inc. (Progress Energy or the Company) for approval of a revision to the Company's Economic Redevelopment Rider ERD. Specifically, Progress Energy states that it offers Economic Redevelopment Rider ERD to encourage economic growth and development within unoccupied and otherwise dormant buildings in South Carolina. When new customers locate in these buildings, it offers PEC an opportunity to recover the costs of facilities constructed for the original tenant that would otherwise be sitting idle.

II. DESCRIPTION OF PROPOSAL

PEC is seeking Commission approval of three revisions to the Rider. The first change is to extend the Rider's availability from December 31, 2004 to December 31, 2006. Economic Redevelopment Rider ERD was initially approved by Commission Order No. 2003-115 dated March 5, 2003. PEC states that Rider ERD encourages

industrial expansions and job growth and that continuing to offer Rider ERD is consistent with state economic development policy, enhances capacity utilization and expedites high load factor growth within our service area. PEC further states that the Rider also promotes expanded tax base within the PEC service area.

The second change is to allow the customer up to 12 months to declare the facility operational and initiate the one-year rate discount. The Rider presently allows no longer than 6 months from the date service is initially taken to declare the facility operational and thereby begin the discount period. During the past two years, PEC has realized that a 6-month period is often insufficient for the customer to remodel the building to accommodate the manufacturer's special needs, install and test new equipment, and initiate a multi-shift operation. It often takes a minimum of two to three months after acquiring a building and having the electric service placed in the new tenant's name to even begin the process of modifying the building. PEC therefore requests the customer be given a 12-month period to declare a facility operational and the one-year discount period begin at that time.

Finally, PEC is seeking to lower the discount for contract demands of 999 kW or less from 50% to 25% of the total bill. PEC states that a review of its costs indicates that for contract demands less than 1,000 kW reducing the discount percentage will better ensure that revenues exceed costs in the future. For contract demands of 1,000 kW or greater revenues exceed costs by a more substantial amount, therefore, PEC states that the current discount percentage should continue to be applicable. PEC believes that continuing to offer a rate incentive to customers with contract demands from 500 to 999

kW is important to the state's economic development efforts. According to PEC, much of the State's future growth in jobs and tax base is expected to be caused by these smaller load customers; therefore, it is seeking to encourage this development with Rider ERD. PEC requests that these revisions be effective for service rendered on and after January 1, 2005.

III. FINDINGS OF FACT

1. Progress Energy Carolinas, Inc. is proposing several changes to its Economic Redevelopment Rider ERD.
2. The proposed revisions will support the economic development of the state while assuring that revenues associated with the Rider exceed costs.

IV. CONCLUSIONS OF LAW

1. S.C. Code Ann. Section 58-27-870(F)(Supp. 2003) states in part that the Commission may allow rates or tariffs to be put into effect without notice and hearing upon order of the Commission when such rates or tariffs do not require a determination of the entire rate structure and overall rate of return, or when the rates or tariffs do not result in any rate increase to the electrical utility.
2. We hold that the present filing by Progress Energy does not require a determination of the entire rate structure and overall rate of return, nor would adoption of the proposal result in any rate increase to the electrical utility. Accordingly, we also hold that Progress Energy's request may be adopted by this Commission without notice or hearing.

3. The request for approval of the revisions to the Company's Economic Redevelopment Rider ERD is granted.

4. The Company should file 10 copies of the revised Economic Redevelopment Rider ERD within 10 days of receipt of this Order.

V. ORDER

1. The request for approval of the revisions to Progress Energy's Economic Redevelopment Rider ERD is granted.

2. The Company shall file 10 copies of the approved revisions with the Commission within 10 days of receipt of this Order.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice Chairman

(SEAL)